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April 25, 2012

Michelle Kerr, Remedial Project Manager
US Environmental Protection Agency – Region 5
Superfund Division (SR – 6J)
77 West Jackson Blvd.
Chicago, Illinois 60604 – 3590

Re: November 30, 2011 and February 17, 2012 General Notice Letters to Federal-Mogul Corp. re Chemetco Superfund Site

Dear Ms. Kerr:

I write on behalf of Federal-Mogul Corporation to express the Company's interest in resolving the Company's alleged liability for remediation at the Chemetco site in accordance with the terms of its applicable October 18, 2004 Settlement Agreement with US EPA and the US Department of Justice (DOJ). This Agreement arose from the Company's 2001-2007 Chapter 11 Bankruptcy proceedings, described further below. Based on (1) the Federal-Mogul data reflected in the Chemetco Waste-In List which accompanied your November 30, 2011 letter -- showing Federal-Mogul as sending to Chemetco 56,515 pounds of scrap metal not eligible for the Superfund Recycling Equity Act (SREA) exemption -- and (2) the Company's discounted financial obligation under the terms of Settlement Agreement, we believe negotiation of a *de minimis* buyout of our Chemetco obligation may be appropriate and request that you consider it.

On October 18, 2004, during the course of Federal-Mogul's Chapter 11 Bankruptcy Reorganization proceedings which was initiated by the Company's October 1, 2001 petition, we negotiated with the US Government (US EPA and DOJ) and several states a Settlement Agreement¹ (copy enclosed) providing for reduced Federal-Mogul payments for cleanups at a number of CERCLA and similar state cleanup sites. The Settlement recognized that sites already identified, at the time of its signing, as creating Federal-Mogul liability based on pre-petition claims² were subject to the same reduced payments as provided for all other unsecured, prepetition obligations by the Bankruptcy Court in the bankruptcy proceeding. This bankruptcy payout percentage was 35% of nominal value, and these already-identified "liquidated sites"

¹ Settlement Agreement, among Federal-Mogul Corp., the US Environmental Protection Agency and Department of Justice, and several States, in the US Bankruptcy Court for the District of Delaware, In re: Federal-Mogul Global, Inc., et al, Debtors, Jointly Administered Case No. 01-10578 (RTL), Chapter 11 (Oct. 18, 2004).

² The term "pre-petition" refers to the date on which the petition for bankruptcy was filed, which was approximately 8 a.m. (eastern) on October 1, 2001 and is defined as such in the Settlement Agreement.

(defined/listed in the Settlement Agreement) were paid for by debtor Federal-Mogul on that basis at the conclusion of the bankruptcy.

The Settlement Agreement also recognized that other sites, at which Federal-Mogul's prepetition conduct might be later identified -- after the conclusion of the Agreement -- as giving rise to CERCLA liability, would be subject to the same reduced-payment treatment. You will see from the Agreement's definition of such "additional sites" that Chemetco is such a site.

Federal-Mogul's relationship with Chemetco arises from shipments of scrap metal during the "prepetition" period of 1994-2001. As stated in US EPA's Fact Sheet on Chemetco, accompanying its November 30, 2011 General Notice Letter, Chemetco ceased operations in 2001. This means that the actions at the site giving rise to CERCLA liabilities occurred or substantially concluded before October of 2001 and thus were "prepetition" with reference to Federal-Mogul's bankruptcy.³

For purposes of dealing with the important impact of the Settlement Agreement on Federal-Mogul's potential liability in this matter, we enclose with this letter a copy of that Agreement. Also, we have included EPA and DOJ signatories of the Agreement -- Thomas Skinner (EPA) Dan Smith and David Street (both DOJ) -- as "cc" recipients of this letter. We urge that Region 5 discuss the terms and effects of that Agreement with these gentlemen or their successors.

Finally, let me ask that the Agency correct its mailing/contact list. Number 37 on your November 2011 "Potentially Responsible Parties Contacts" list (and later versions of that list) shows "Federal Mogul Corporation Blacksburg, Bearings," with the Blacksburg, Virginia address of that one specific Federal-Mogul plant. In fact, the correct party is Federal-Mogul Corp., at the Southfield, Michigan corporate headquarters address which you correctly show elsewhere as "parent company" [except that the ZIP code is now 48033 instead of 48034].⁴ As our earlier responses to Illinois EPA pointed out Federal-Mogul shipments to Chemetco came from the several Federal-Mogul plants including but not limited to the Blacksburg, VA plant. The correct and exclusive contact for US EPA at Federal-Mogul, for all issues relating to Federal-Mogul and Chemetco, is:


Mark Bauer, Director
Global Environment, Health & Safety
Federal-Mogul Corp.
26555 Northwestern Highway
Southfield, Michigan 48033
Mark.Bauer@FederalMogul.com
248 354 8912

³ Chemetco itself filed for a Chapter 7 Liquidation bankruptcy in 2001, but all references herein to "prepetition" are to Federal-Mogul's Chapter 11 bankruptcy proceeding.

⁴ EPA's November 30, 2011 General Notice letter was sent both to the Federal-Mogul plant in Blacksburg, VA and to the Corporation Service Company ("CSC," at its Virginia address), which is the registered agent in the U.S. for the entire Federal-Mogul Corporation. It does not appear that the February 17, 2012 Second Notice was sent to the latter. The abbreviated list of company contacts in the most recent mailing of which we are aware, your March 5, 2012 letter to the "ISRI Meeting Group," still shows only the incorrect Blacksburg address for Federal-Mogul and not the CSC name and address.

Mark Bauer and I are available to discuss this matter with your and/or appropriate colleagues at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Strelow". The signature is fluid and cursive, with the first name "Roger" and last name "Strelow" clearly distinguishable.

Roger Strelow, Principal
Strassner Strelow & Smith, LLC
Consultant to Federal-Mogul

Cc:

Mark Bauer, Federal-Mogul Corp.
Joan Tanaka, USEPA Region 5
Greg Sukys, USDOJ
David E. Street, USDOJ
Daniel S. Smith, USDOJ
Thomas V. Skinner, USEPA, OECA

Enclosure:

Federal-Mogul Settlement Agreement with US EPA and DOJ (2004) in Federal-Mogul Chapter 11
Bankruptcy Proceedings

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	
)	
FEDERAL-MOGUL GLOBAL, INC.,)	Jointly Administered
<u>et al.</u> ,)	Case No. 01-10578 (RTL)
)	
Debtors.)	Chapter 11
)	
)	

SETTLEMENT AGREEMENT

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WHEREAS Federal-Mogul Corporation and certain of its subsidiaries filed with the United States Bankruptcy Court for the District of Delaware (the "Court") voluntary petitions for relief under title 11 of the United States Code (the "Bankruptcy Code") on October 1, 2001 (the "Petition Date") (the "Chapter 11 Cases") which are jointly administered as Case No. 01-10578 (RTL);

WHEREAS the United States contends that certain Debtors are liable for Response Costs incurred and to be incurred by the United States in the course of responding to releases and threats of releases of hazardous substances into the environment for the Liquidated Sites as set forth herein and natural resource damages relating to such sites;

WHEREAS the State of Georgia contends that certain Debtors are liable for Response Costs incurred and to be incurred by the State in the course of responding to the releases and threat of releases of hazardous substances into the environment for a specific site as set forth herein and natural resource damages relating to the site;

WHEREAS the State of Indiana contends that certain Debtors are liable for Response Costs incurred and to be incurred by the State in the course of responding to releases and threats of releases of hazardous substances into the environment for

certain sites as set forth herein and natural resource damages relating to such sites;

WHEREAS, the Commonwealth of Kentucky contends that certain Debtors are liable for completing their obligations under the July 12, 1991 Agreed Order as set forth herein, and in complying with the Commonwealth's environmental laws for a specific Debtor-Owned Site as set forth herein;

WHEREAS, the Commonwealth of Pennsylvania contends that certain Debtors are liable for Response Costs incurred and to be incurred by the Commonwealth in the course of responding to the releases and threat of releases of hazardous substances into the environment for a specific site as set forth herein and natural resource damages relating to such site;

WHEREAS, the City of Battle Creek, State of Michigan contends that certain Debtors are liable for Response Costs incurred and to be incurred by the City of Battle Creek in the course of responding to the releases and threat of releases of hazardous substances into the environment for a certain site set forth herein and natural resource damages relating to that site;

WHEREAS, the Board of County Commissioners, Lucas County, State of Ohio contends that certain Debtors are liable for Response Costs incurred and to be incurred by Lucas County in the course of responding to the releases and threats of releases

of hazardous substances into the environment for a specific Liquidated Site as set forth herein and natural resources damages relating to such site;

WHEREAS, Paikes Enterprises, Inc., contends that certain Debtors are liable for Response Costs incurred and to be incurred by Paikes in the course of responding to the releases and threat of releases of hazardous substances into the environment for a specific site as set forth herein and natural resource damages relating to that site;

WHEREAS, certain potentially responsible PRP Groups have filed proofs of claim, identified in Attachment D hereto, and contend that certain Debtors are liable to them under contract, contribution on or other binding obligations for Response Costs incurred and to be incurred by the PRP Groups in the course of responding to the releases and threats of releases of hazardous substances into the environment for specified sites as set forth herein and natural resources damages relating to such sites;

WHEREAS the Debtors dispute the United States', the States', the City's, the County's, Paikes', and the PRP Groups' contentions;

WHEREAS the Debtors seek, to the maximum extent permitted by law, to obtain protection, through the resolution of environmental liabilities for the Liquidated Sites from and

against all Claims that have been or may in the future be asserted for Response Costs or natural resource damages and to provide a framework for the resolution of environmental liabilities for Additional Sites as set forth herein;

WHEREAS, the Debtors seek to reaffirm their continuing legal obligations and responsibilities regarding Debtor-Owned Sites, which are sites they will own and operate on or after the confirmation of the Plan of Reorganization;

WHEREAS the Debtors, the United States, the States, the City, the County, Paikes, and the PRPs Groups wish to resolve their differences with respect to the Liquidated Sites, provide a framework for addressing Additional Sites, and deal with other issues relating to environmental matters as provided herein;

WHEREAS in consideration of, and in exchange for, the promises and covenants herein, including, without limitation, the covenants not to sue set forth in Paragraphs 18, 20, and 24 and, subject to the provisions of Paragraphs 28-30, intending to be legally bound hereby, the Debtors, the United States, the State, the City, the County, Paikes, and the PRPs Groups hereby agree to the terms and provisions of this Settlement Agreement subject to the public comment process provided herein and Court approval;

WHEREAS settlement of the matters governed by this Settlement Agreement is in the public interest and is an appropriate means of resolving these matters;

NOW, THEREFORE, without the admission of liability or any adjudication on any issue of fact or law, and upon the consent and agreement of the parties to this Settlement Agreement by their attorneys and authorized officials, it is hereby agreed as follows:

DEFINITIONS

1. In this Agreement, the following terms shall have the following meanings:

A. "Additional Sites" means all sites, including, without limitation, all facilities, as that term is defined in CERCLA, other than the Liquidated Sites and the Debtor-Owned Sites for which Claims might be asserted against any Debtor. An "Additional Site" shall be construed to include (i) for those sites now or hereafter included on the NPL, all areas of a site as defined by EPA for purposes of the NPL, including any later expansion of such site as may be determined by EPA, and any affected natural resources, and (ii) for those sites not included on the NPL, all areas affected or potentially affected by the release or threatened release of hazardous substances, and affected natural resources, as a direct or indirect result

of the operations or activities occurring on that site which gave rise to the release or threatened release. The Additional Sites include, but are not limited to, those sites identified on Attachment A. Among the Additional Sites is the Hellertown Manufacturing Company Superfund Site ("Hellertown Site") in Hellertown, Northampton County, Pennsylvania, which is an Additional Site only as to Future Response Costs. With respect to the Commonwealth of Pennsylvania, the term Additional Site is limited to only the Hellertown Site, and only as to Future Response Costs. Also among the Additional Sites is the Fultz Landfill Site in Byesville, Guersney County, Ohio, which is an Additional Site only for the United States.

B. "Allowed Claim" shall mean either Allowed Secured Claims or Allowed Unsecured Claims or both.

C. "Allowed Unsecured Claim" shall have the meaning set forth in the Plan of Reorganization.

D. "Allowed Secured Claim" shall mean an allowed secured Claim of the United States, on behalf of the EPA, arising from its rights of setoff against tax refunds owing to Federal-Mogul Corporation or Federal-Mogul Ignition Company, as such Claims are further enumerated in the Stipulation attached hereto as Attachment F and incorporated herein. The procedure for effecting this setoff is set forth in the Stipulation

contained in Attachment F, which will be filed contemporaneously with the motion to approve this Settlement Agreement.

E. "CERCLA" refers to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., as now in effect or hereafter amended.

F. "Claims" has the meaning provided in Section 101(5) of the Bankruptcy Code.

G. "City" shall mean the City of Battle Creek, State of Michigan, and its agencies, departments and instrumentalities.

H. "County" or "Lucas County" shall mean the Board of County Commissioners, Lucas County, State of Ohio, and its agencies, departments and instrumentalities.

I. "Debtors" shall mean Federal-Mogul Corporation and certain of its United States subsidiaries listed on Attachment B hereto that filed voluntary petitions for relief on October 1, 2001, as debtors, debtors-in-possession or in a new or reorganized form as a result of the Chapter 11 Cases.

J. "Debtor-Owned Sites" means any properties or sites owned by any of the Debtors at or at any time after the confirmation of the Plan of Reorganization.

K. "EPA" means the United States Environmental Protection Agency or any legal successor thereto.

L. "Effective Date" means the date of the entry of the order of the Court which provides final approval of this Settlement Agreement.

M. "Excess Insurance Sites" means the following sites:

- The Casmalia Resources Superfund Site in Casmalia, Santa Barbara County, California;
- The Hellertown Site in Hellertown, Northampton County, Pennsylvania; and
- The King Road Landfill Superfund Site in Sylvania Township, Lucas County, Ohio

N. "Future Response Costs" means those costs incurred by the United States, the States, the City, the County, Paikes, or the PRP Groups on or after the Petition Date.

O. "Liquidated Sites" means the following.

(i) For the United States, these twelve sites:

- The Casmalia Resources Superfund Site in Casmalia, Santa Barbara County, California;
- The Commercial Oil Superfund Service Site in Oregon Ohio;
- The Douglasville Disposal Superfund Site in Douglasville, Berks County, Pennsylvania;

- The Hellertown Site in Hellertown, Northampton County, Pennsylvania, but only for Past Response Costs and not for Future Response Costs;
- The Ionia City Landfill Superfund Site in Ionia, Ionia County, Michigan;
- The King Road Landfill Superfund Site in Sylvania Township, Lucas County, Ohio;
- The Malone Service Company - Swan Lake Plant - Superfund Site in Texas City, Galveston County, Texas;
- The PCB Treatment Inc. Superfund Site in Kansas City, Jackson County, Missouri;
- The Reclamation Oil Company Site in Detroit, Wayne County, Michigan;
- The Spectron, Inc. Superfund Site in Elkton, Cecil County, Maryland;
- The Stickney/XX Chem/Tyler Sites in Toledo, Lucas County, Ohio; and
- The Third Site Superfund Site in Zionsville, Boone County, Indiana.

(ii) For the State of Georgia, the M&J Solvents Site, Fulton County, Georgia.

(iii) For the Commonwealth of Pennsylvania, the Hellertown Site in Hellertown, Northampton County, Pennsylvania, but only as to Past Response Costs and not for Future Response Costs.

(iv) For Lucas County, Ohio, the King Road Landfill Superfund Site, Sylvania Township, Lucas County, Ohio.

(v) For Paikes Enterprises, Inc., the Hellertown Site in Hellertown, Northampton County, Pennsylvania, but only as to Past Response Costs and not for Future Response Costs.

(vi) For the Fultz Landfill PRP Group, the Fultz Landfill Site in Byesville, Guernsey County, Ohio.

(vii) For the Stickney/Tyler Administrative Group, the Stickney/XX Chem/Tyler Sites, in Toledo, Lucas County, Ohio.

(viii) For the Third Site Trust Fund Trustees, the Third Site Superfund Site, in Zionsville, Boone County, Indiana.

(ix) A "Liquidated Site" delineated above shall be construed to include (a) for those sites now or hereafter included on the NPL, all areas of a site as defined by EPA for purposes of the NPL, including any later expansion of such site as may be determined by EPA, and any affected natural resources, or (b) for those sites not included on the NPL, all areas affected or potentially affected by the release or threatened release of hazardous substances, and affected natural resources,

as a direct or indirect result of the operations or activities occurring on or in the vicinity of that site which gave rise to the release or threatened release.

P. "NPL" means the National Priorities List, 40 C.F.R. Part 300.

Q. "Paikes" refers to Paikes Enterprises, Inc., a New Jersey Corporation which owns the Hellertown Site in Hellertown, Northampton County, Pennsylvania.

R. "Past Response Costs" means those Response Costs incurred by the United States, the States, the City, the County, Paikes, or the PRP Groups prior to the Petition Date.

S. "Plan of Reorganization" or "Plan" means any plan of reorganization (the most recent version of which is the Third Amended Joint Plan of Reorganization) that is confirmed and becomes effective in the chapter 11 cases of the Debtors.

T. "Prepetition" refers to the time period prior to the filing of the petition by the Debtors at approximately 8:00 a.m. on October 1, 2001. "Postpetition" refers to the time period following the filing of the petition by the Debtors on October 1, 2001.

U. "PRP Group" and "Third Party Plaintiffs' Group" shall mean the following:

- The Parties to the Commercial Oil Services Site Participation Agreement and/or the Commercial Oil Services Site Group Settlement Agreement (In the Matter of: Commercial Oil Services Site, OH, Docket No. V-W-94-C-213, 1993) (The "Commercial Oil Services Site Group").
- The Parties to the Fultz Landfill Site Participation Agreement (August 1, 1997) and/or the Fultz Landfill Consent Decree (United States v. Armco et al, Docket No. C2-95-698, 1991), for the Fultz Landfill Site in Byesville, Guernsey County, Ohio.
- The Parties to the Settlement Agreement and Participation Agreement for the Stickney and Tyler Sites and/or the Administrative Order by Consent (In the Matter of: Stickney Avenue Landfill and Tyler Street Landfill, Docket No. V-W-97-C-433, 1998).
- The Parties to the Third Site Trust Fund Agreement and/or the Administrative Order by Consent (In the Matter of: Third Site Superfund Site, Zionsville, IN, November 2002).

V. "RCRA" refers to the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., as now in effect or hereafter amended and similar State statutes..

W. "Response" shall have the same meaning as defined in § 101(25) of CERCLA, 42 U.S.C. § 9601(25) and similar state statutes.

X. "Response Costs" shall be all costs and expenses to carry out a Response; and with regard to Paikes, costs and expenses incurred Prepetition that certain Debtors may be liable to Paikes for under the May 31, 1988 Agreement between Paikes and Champion Spark Plug Company (a predecessor to Federal-Mogul Ignition Company) regarding the Hellertown Site, and costs and expenses incurred Postpetition that certain Debtors may be liable to Paikes for under a Modification Agreement between Paikes and Federal-Mogul Ignition Company regarding the Hellertown Site.

Y. "State(s)" means the State of Georgia, the State of Indiana, the Commonwealth of Kentucky and the Commonwealth of Pennsylvania, and all of their agencies, departments and instrumentalities individually or collectively.

Z. "United States" means the United States of America, including EPA, DOI, NOAA, and all of the United States' agencies, departments and instrumentalities.

AA. "Work Consent Decrees" means the following judicial Consent Decrees and Administrative Orders, as amended:

- The September 28, 1993 Administrative Order by Consent Pursuant to CERCLA, issued by U.S. Environmental Protection Agency, Region V, In the Matter of Commercial Oil Services Site, OH, Docket No. V-W-94-C-213 (the Commercial Oil Service, OH Site);
- The Consent Decree entered by the United States District Court for the Western District of Michigan on or about May 3, 2002 in United States v. A.O. Smith, et al., Civ. No. 1:02 CV 0168 (the Ionia, MI Site);
- The Consent Decree entered by the United States District Court for the Central District of California on or about February 27, 2002 in United States v. Abex Aerospace; Division, et al., Civ. No. 00-12471 (the Omega, CA Site); and
- The July 12, 1991 Agreed Administrative Order, DWM 89089 issued by the Kentucky National Resource and Environmental Protection Cabinet regarding the Debtors Scottsville Kentucky facility (the Scottsville, KY Site).

JURISDICTION

2. The Court has jurisdiction over the subject matter hereof pursuant to 28 U.S.C. §§ 157, 1331, and 1334, and 42 U.S.C. §§ 9607 and 9613(b).

PARTIES BOUND; SUCCESSION AND ASSIGNMENT

3. This Settlement Agreement applies to, is binding upon, and shall inure to the benefit of the United States, the States, the City, the County, Paikes, the PRP Groups, and the Debtors, and the Debtors' legal successors and assigns, and any trustee appointed in the Bankruptcy Cases.

4. **Reserved.**

ALLOWANCE OF LIQUIDATED SITES CLAIMS

5. (A) In settlement and satisfaction of the United States', the States', the County's, Paikes', and the PRP Groups' CERCLA Claims, any other similar state Claims, or as applied to Paikes, applicable contractual Claims with respect to the Liquidated Sites, the Debtors consent to Allowed Claims in the amounts set forth below. The specified Debtors, against which such Claims are applicable and which consent to such Allowed Claims, are set forth in Attachment E. The United States, the States, the County, Paikes, and the PRP Groups shall receive no distributions from the Debtors in the Chapter 11 Cases with respect to the Debtors' liabilities and obligations under CERCLA, any other similar state law or under any applicable contract for the Liquidated Sites other than as set forth in this Settlement Agreement.

(i) With respect to the Casmalia Resources Superfund Site in Casmalia, Santa Barbara County, California: the United States on behalf of EPA shall have an Allowed Unsecured Claim of \$51,201.00.

(ii) With respect to the Commercial Oil Superfund Service Site, Oregon, Ohio: the United States on behalf of the EPA shall have an Allowed Unsecured Claim of \$zero; and the Commercial Oil Services Site Group shall have an Allowed Unsecured Claim of \$zero.

(iii) With respect to the Douglasville Disposal Superfund site located in Douglasville, Berk County, Pennsylvania: the United States on behalf of EPA shall have an Allowed Unsecured Claim of \$zero.

(iv) With respect to the Fultz Landfill Site in Byesville, Guernsey County, Ohio: the Fultz Landfill PRP Group shall have an Allowed Unsecured Claim of \$262,533.00.

(v) With respect to the Hellertown Site located in Hellertown, Northampton County, Pennsylvania: the United States on behalf of EPA shall have an Allowed Secured Claim of \$100,000.00 and an Allowed Unsecured Claim of \$1,400,000.00, in settlement of EPA's Claims for Past Response Costs and without prejudice to any Claims for Future Response Costs under the Treatment of Additional Sites provisions below; the Commonwealth

of Pennsylvania shall have an Allowed Unsecured Claim of \$16,151.00 in settlement of the Commonwealth's Claim for Past Response Costs and without prejudice to any Claims for Future Response Costs under the Treatment of Additional Sites provisions below; and Paikes shall have an Allowed Unsecured Claim of \$286,000.00 in settlement of Paikes' Claim for Past Response Costs and without prejudice to any Claims for Future Response Costs under the Treatment of Additional Sites provisions below, provided however, that Paikes' Allowed Unsecured Claim, as well as all rights provided to or ceded by Paikes under this Agreement, including any Claims for Future Response Costs, are conditioned upon and shall not take effect unless and until a certain Debtor and Paikes agree to the terms of a Modification Agreement between Paikes and Federal-Mogul Ignition Company regarding Federal-Mogul Ignition's Postpetition obligations to Paikes with respect to the Hellertown Site.

(vi) With respect to the Ionia Landfill Site located in Ionia, Ionia County, Michigan: the United States on behalf of the EPA shall have an Allowed Unsecured Claim of \$zero.

(vii) With respect to the King Road Landfill Superfund Site in Sylvania Township, Lucas County, Ohio: the County shall have an Allowed Unsecured Claim of \$200,000.00; and the United

States on behalf of the EPA shall have an Allowed Unsecured Claim of \$zero.

(viii) With respect to the Malone Service Company - Swan Lake Plant - Superfund Site in Texas City, Galveston County, Texas: the United States on behalf of EPA shall have an Allowed Secured Claim of \$ 66,569.21.

(ix) With respect to the M&J Solvents Company Site located in Atlanta, Fulton County, Georgia: the State of Georgia shall have an Allowed Unsecured Claim of \$5,367.05, representing the Debtors' volumetric shares (.074296% with respect to Federal-Mogul Corporation and 0.0056% with respect to Federal-Mogul Powertrain, Inc.) of the total Past Response Costs (\$793,000.00) and total estimated Future Response Costs (\$5,924,559.00), in settlement of its claims.

(x) With respect to the PCB Treatment Inc. Superfund Site in Kansas City, Jackson County, MO: the United States on behalf of the EPA shall have an Allowed Unsecured Claim of \$zero.

(xi) With respect to the Reclamation Oil Company Site in Detroit, Wayne County, Michigan: the United States on behalf of EPA shall have an Allowed Secured Claim of \$44,697.05.

(xii) With respect to the Spectron, Inc. Superfund Site in Elkton, Cecil County, Maryland: the United States on behalf of EPA shall have an Allowed Secured Claim of \$1,814.20.

(xiii) With respect to the Stickney/XX Chem/Tyler Sites in Toledo, Lucas County, Ohio: the Stickney/Tyler Administrative Group shall have an Allowed Unsecured Claim of \$315,000.00; and the United States on behalf of the EPA shall have an Allowed Unsecured Claim of \$zero.

(xiv) With respect to the Third Site Superfund Site in Zionsville, Boone County, Indiana: the Third Site Trust Fund Trustees shall have an Allowed Unsecured Claim of \$68,426.77; and the United States on behalf of the EPA shall have an Allowed Unsecured Claim of \$zero.

(B) Summary Of Total Allowed Claims Under Paragraph 5: The United States on behalf of EPA shall have an Allowed Secured Claim of \$213,080.46 and an Allowed Unsecured Claim of \$1,451,201.00. The State of Georgia shall have an Allowed Unsecured Claim of \$5,367.05. The Commonwealth of Pennsylvania shall have an Allowed Unsecured Claim of \$16,151.00. Lucas County shall have an Allowed Unsecured Claim of \$200,000.00. Paikes shall have an Allowed Unsecured Claim of \$286,000.00. The Commercial Oil Service Group shall have an Allowed Unsecured Claim of \$zero. The Fultz Landfill PRP Group shall have an

Allowed Unsecured Claim of \$262,533.00. The Stickney/Tyler Administrative Group shall have an Allowed Unsecured Claim of \$315,000.00. The Third Site Trust Fund Trustees shall have an Allowed Unsecured Claim of \$68,426.77. The total of all Allowed Claims under Paragraph 5 is thus \$213,080.46 for Allowed Secured Claims and \$2,604,678.82 for Allowed Unsecured Claims.

(C) In consideration of the Debtors agreeing to the amount and allowance of the Allowed Unsecured Claims listed in Paragraph 5(A) above, each PRP Group hereby acknowledges and agrees (i) that the amount of its Allowed Unsecured Claim listed in Paragraph 5(A) accurately reflects any and all liabilities and obligations of any Debtor to that PRP Group regarding the respective sites which were the subject of such PRP Group's Claim and which are also listed in Paragraph 5(A); (ii) that the treatment of its Allowed Unsecured Claim described in Paragraph 12 below will satisfy any and all liabilities and obligations of any Debtor to that PRP Group regarding the respective sites which were the subject of such PRP Group's Claim and which are also listed in Paragraph 5(A); and (iii) that any and all liabilities and obligations of any Debtor to that PRP Group regarding the respective sites which were the subject of such PRP Group's Claim and which are also listed in Paragraph 5(A) shall be discharged pursuant to the provisions of Section 9.1 of

the Plan of Reorganization and in accordance with 11 U.S.C.

§ 1141(d)(1) upon confirmation of the Plan of Reorganization.

6. With respect to the Liquidated Sites:

(A) With respect to the Allowed Claims set forth in Paragraph 5 for EPA, only the amount of cash received by EPA (and net cash received by EPA on account of any non-cash distributions) from the Debtors under this Settlement Agreement for the Allowed Claim for a particular site, and not the total amount of the Allowed Claim, shall be credited by EPA to its account for a particular site, which credit shall reduce the liability of non-settling potentially responsible parties for the particular site by the amount of the credit.

(B) With respect to the Allowed Unsecured Claims set forth in Paragraph 5 for the States and the County, only the amount of cash received by an individual State or the County (and net cash received by the State on account of any non-cash distributions), from the Debtors under this Settlement Agreement for the Allowed Unsecured Claim for a particular site, and not the total amount of the allowed claim, shall be credited by the State or the County to its account for a particular site, which credit shall reduce the liability of non-settling potentially responsible parties for such site by the amount of the credit.

(C) The Claims allowed in Paragraph 5 are in full settlement of, and the payments provided for under Paragraphs 16 and 17, will be deemed allocated toward all past, present and future Claims (except with respect to the United States, Pennsylvania and Paikes, for future Claims for Future Response Costs relating to the Hellertown Site and, with respect to only the United States, for future Claims for Future Response Costs relating to the Fultz Landfill Site) with respect to all Past and Future Response Costs and natural resource damages for the Liquidated Sites, whether to address matters known or unknown, for which a Claim of any kind or nature has been or could be asserted against the Debtors pursuant to Sections 106 or 107 of CERCLA, 42 U.S.C. §§ 9606 or 9607, or Section 7003 of RCRA, 42 U.S.C. § 6973, or any other similar state law, or with respect to Paikes under any applicable contract, by the United States, the States, the County, Paikes, the PRP Groups or by the potentially responsible parties or potentially responsible party groups which have incurred or may incur such costs.

(D) To the extent that at any time after October 1, 2001 the Debtors recover insurance proceeds on account of any of the Excess Insurance Sites in excess of the Debtors' costs of pursuing such insurance proceeds, then the Debtors may retain 50% of such excess insurance proceeds regarding Excess Insurance

Sites and the Debtors shall pay the remaining 50% of such excess insurance proceeds on account of the Excess Insurance Sites to the United States, the States and the County on a pro rata basis in accordance with the allocation set forth in Attachment C. The Debtors agree to allocate in writing any insurance proceeds that cover both Excess Insurance Sites and other covered liabilities on a fair and equitable basis based upon all of the facts and circumstances, including but not limited to any defenses asserted by insurers, and with deference to any allocation by a court or in an approved settlement document. In determining the Debtors' cost of pursuing insurance proceeds for the Excess Insurance Sites, the Debtors shall use the same percentage allocation of costs as is used in the Debtors' allocation of recovery of insurance proceeds attributed to Excess Insurance Sites as compared to other covered liabilities. To the extent that excess insurance proceeds are allocable to sites other than the Excess Insurance Sites, no payment need be made to the United States, the States or the County from the excess insurance proceeds allocable to sites other than Excess Insurance Sites. The United States, the States or the County reserve the right to petition the Court for an adjustment of Debtors' allocation based upon all of the facts and circumstances. The payments required to be made under this

subparagraph shall be in addition to the payments required to be made under Paragraphs 5 and 12. However, under no circumstances may the payments required to be made under this subparagraph, when combined with the consideration received for the Excess Insurance Sites under Paragraphs 5 and 12, exceed the amount of the Allowed Unsecured Claims for the Excess Insurance Sites under Paragraph 5 of this Settlement Agreement. In the event that the excess insurance proceeds sharing requirements of this subparagraph would otherwise result in such an exceedance, the Debtors shall retain the additional amount of excess insurance proceeds necessary to avoid such an exceedance. With respect to any payments received by the United States, the States and the County under this subparagraph, the United States, the States and the County shall credit site accounts for particular Excess Insurance Sites only in accordance with Debtors' allocation for the particular Excess Insurance Sites (unless adjusted by the Court), which credit shall reduce the liability of non-settling potentially responsible parties for the particular site by the amount of the credit.

WORK CONSENT DECREES

7. (A) Notwithstanding any other provisions of this Settlement Agreement, including, but not limited to, Paragraphs 5 and 6 (Liquidated Sites), Paragraphs 9-11 (Additional Sites),

and Paragraph 18, the Debtors that are parties to the Work Consent Decrees shall comply with all obligations of the Debtors under the Work Consent Decrees and the Debtors' obligations under the Work Consent Decrees shall not be impaired in any way by the Chapter 11 Cases, confirmation of a Plan of Reorganization, or this Settlement Agreement except as provided for in Paragraph 7(B) below.

(B) Debtors' obligation under the September 1993 Administrative Order by Consent Pursuant to CERCLA, issued by U.S. Environmental Protection Agency, Region V, In the Matter of: Commercial Oil Services Site, OH, Docket No. V-W-94-C-213, shall be satisfied by the payment of funds not to exceed those costs properly assessed and tendered to the Debtors Prepetition, and an additional \$66,000.00 in actual costs properly assessed and tendered to the Debtors Postpetition. Once Debtors have paid the Commercial Oil Services Site Group or EPA such amounts, then the Administrative Order shall no longer be considered a Work Consent Decree under this Agreement.

(C) The existence of a Work Consent Decree as defined in this Agreement shall not alter the status of a site as defined within this Settlement Agreement, either as a Liquidated Site, Additional Site, or Debtor-Owned Site, except with respect to the obligations under the Work Consent Decree. The parties

reserve the right to assert any and all defenses and rights available to them under such Work Consent Decrees. Once a Debtor has completed its obligations under any particular Work Consent Decree, the status under this Agreement of the site subject to such Order in question shall determine the rights and obligations of the parties.

NON-DISCHARGEABILITY AND RESERVATION OF RIGHTS

8. (A) The following Claims of or obligations to the United States, the States, the City, and Paikes shall not be discharged under Section 1141 of the Bankruptcy Code by the confirmation of a Plan of Reorganization nor shall such Claims or obligations be impaired or affected in any way by the Chapter 11 Cases or confirmation of a Plan of Reorganization:

(i) With respect to any Debtor-Owned Sites:

(a) Claims against the Debtors by the United States or the States under Section 107 of CERCLA, 42 U.S.C. § 9607, or equivalent State statutes, for recovery of Response Costs incurred Postpetition with respect to Response action taken at a Debtor-Owned Site, including such Response action taken to address hazardous substances that have migrated from a Debtor-Owned Site to a proximate location;

(b) Actions against the Debtors by the United States or the States under CERCLA or RCRA or equivalent state

statutes seeking to compel the performance of a removal action, remedial action, corrective action, closure or any other cleanup action, or financial assurance therefore, at a Debtor-Owned Site, including actions to address hazardous substances that have migrated to a proximate location from a Debtor-Owned Site;

(c) Claims against the Debtors by the United States or the States under Section 107 of CERCLA, 42 U.S.C. § 9607, for recovery of natural resource damages arising as a result of Postpetition releases or ongoing releases of hazardous substances at or which migrate or leach from a Debtor-Owned Site; or

(d) Claims against the Debtors by the United States or the States for recovery of civil penalties for violations of law resulting from Postpetition conduct of the Debtors at Debtor-Owned Sites. As used in this Paragraph 8, "Postpetition conduct" shall not include a failure to satisfy or comply with any Prepetition liability or obligations, or to pay a claim (including, without limitation, a penalty claim) except as required by or resulting from the terms of the Plan of Reorganization, Paragraph 7 or any other provision of this Settlement Agreement, or a final order of the Court confirming a Plan of Reorganization.

(ii) With respect to any Additional Site, Claims against the Debtors by the United States, the States, the City, or Paikes under Sections 106 and 107(a)(1)-(4) of CERCLA, 42 U.S.C. §§ 9606 and 9607(a)(1)-(4), or under similar state law, arising as a result of the Debtors' Postpetition conduct, which would give rise to liability under the foregoing.

(B) The United States, the States, or the City, may pursue enforcement actions or proceedings under applicable law, and Paikes may pursue any claims available to it under CERCLA or contract law, with respect to the Claims and obligations of the Debtors to the United States, the States, the City, or Paikes under Paragraph 8(A) in the manner, as appropriate, and by the administrative or judicial tribunals, in which the United States, the States, the City, or Paikes could have pursued such actions or proceedings if the Chapter 11 Cases had never been commenced. The Debtors reserve the right to assert any and all defenses and counterclaims available to them under applicable law with respect to any Claims and obligations of the Debtors to the United States, the States, the City, or Paikes under Paragraph 8(A) that are asserted by the United States, the States, the City, or Paikes except for any alleged defense of discharge of liabilities provided under the Bankruptcy Code, as embodied in any plan of reorganization or order of confirmation.

The United States, the States, the City, or Paikes reserve all of their rights with respect to any defenses or counterclaims asserted by the Debtors under this subparagraph B.

(C) With respect to any Liquidated Site, the parties to this Settlement Agreement reserve all rights and defenses they may have with respect to Postpetition conduct of the Debtors occurring after the date of lodging of this Settlement Agreement which would give rise to liability under 42 U.S.C. §§ 9606 and 9607(a)(1)-(4), or similar state laws. Nothing in this Settlement Agreement shall affect or limit such rights and defenses.

TREATMENT OF ADDITIONAL SITES

9. (A) With respect to all Additional Sites, all liabilities and obligations of the Debtors to the United States, the States, the City, and Paikes under Sections 106 and 107 of CERCLA, 42 U.S.C. §§ 9606 and 9607, any equivalent or similar State statute, or laws, and with respect to Paikes, also the May 31, 1988 Agreement between Paikes and Champion Spark Plug Company (the predecessor to Federal-Mogul Ignition Company) regarding the Hellertown Site, arising from Prepetition acts, omissions or conduct of the Debtors or their predecessors, including without limitation the Prepetition generation, transportation, disposal or release of hazardous wastes or

materials or the Prepetition ownership or operation of hazardous waste facilities, shall be discharged under Section 1141 of the Bankruptcy Code by the confirmation of a Plan of Reorganization, and the United States, the States, the City, and Paikes shall receive no distributions in the Chapter 11 Cases with respect to such liabilities and obligations, but the applicable reorganized Debtors shall be required to pay the United States, the States, the City, Paikes, or such other party as they may designate, such amounts as are provided for in this Paragraph and Paragraph 10. Such liabilities and obligations shall be treated and liquidated as unsecured claims and paid on the terms specified herein.

(B) If and when the United States, the States, the City, or Paikes undertakes Response activities in the ordinary course with respect to any Additional Site, or in the case of Paikes, incurs any "Postpetition Costs", as that term is defined in a Modification Agreement between Paikes and Federal-Mogul Ignition Company regarding the Hellertown Site, the United States, the States, the City, or Paikes may seek a determination of the liability, if any, of the Debtors and may seek to obtain and liquidate a judgment of liability of the Debtors or enter into a settlement with the Debtors with regard to any of the Additional Sites in the manner and before the administrative or

judicial tribunal in which the United States' claims, the States' claims, the City's claims, or Paikes' claims would have been resolved or adjudicated if the Chapter 11 Cases had never been commenced. However, the United States and the States shall not issue or cause to be issued any unilateral order or seek any injunction against the Debtors under Section 106 of CERCLA, 42 U.S.C. § 9606, or Section 7003 of RCRA, 42 U.S.C. § 6973, or any other similar state law, arising from the Prepetition acts, omissions or conduct of the Debtors or their predecessors with respect to any Additional Sites.

(C) The United States and the Debtors (and the States, the City or Paikes, and the Debtors, as applicable) will attempt to settle each liability or obligation asserted by the United States (or by the States, the City, or Paikes, as applicable) against the Debtors relating to an Additional Site on a basis that is fair and equitable under the circumstances, including consideration of (i) settlement proposals made to other PRPs who are similar to the Debtors in the nature of their involvement with the site, (ii) the fact of the Debtors' bankruptcy, and (iii) the circumstances of this Agreement; but nothing in this sentence shall create an obligation of the United States or the State that is subject to judicial review. The Plan of Reorganization shall provide for: (i) the

liquidation of claims relating to any Additional Sites in accordance with the provisions of this Agreement, notwithstanding that any such liquidation shall occur following confirmation of the Plan of Reorganization and any order discharging the Debtors from their Prepetition liabilities, and (ii) the prompt payment of any claims relating to any Additional Sites that have been liquidated and resolved or adjudicated with finality, in accordance with the provisions of this Agreement.

(D) In any action or proceeding with respect to an Additional Site, the Debtors and the United States, the States, the City, and Paikes reserve any and all rights, claims, and defenses they would have been entitled to assert had the claim been liquidated in the ordinary course or during the course of the Chapter 11 Cases, including, without limitation, any argument that joint and several liability should or should not be imposed upon the Debtors. Nothing herein shall be construed to limit the parties' rights to assert any and all rights, claims and defenses they may have in actions or proceedings involving other parties with respect to Additional Sites.

10. In the event any Claim is liquidated pursuant to Paragraph 9 by settlement or judgment to a determined amount (the "Determined Amount"), the applicable Debtor(s) with which such settlement is made or against which such judgment is

entered will satisfy such Claim within 30 days after the date on which the settlement or judgment is final and effective (the "Settlement/Judgment Date") by providing the holder of the Claim the "Distribution Amount." The Distribution Amount shall be the value of the consideration which would have been distributed under the Plan of Reorganization to the holder of such Claim if the Determined Amount had been an Allowed General Unsecured Claim in such amount under the Plan of Reorganization. Except as provided in Paragraph 11, the Distribution Amount shall be paid in the same form (e.g., cash, notes, etc.) as was distributed under the Plan of Reorganization. If the Plan of Reorganization provides for installment payments and any installments have not yet been paid to other creditors as of the Settlement/Judgment Date, the Distribution Amount will be paid in the same manner as to other creditors for installments not yet paid.

11. In the event that the Plan of Reorganization provides that Allowed Unsecured Claims will receive consideration other than cash, Debtors may, in their sole discretion, provide the non-cash portion of the Distribution Amount to the United States (or the State, the City, or Paikes, if applicable) in cash that has an aggregate value as of the Settlement/Judgment Date that is equivalent to the Distribution Amount. For purposes of

determining the value of the consideration paid to the holders of Allowed Unsecured Claims at the time of distribution(s), notes shall have a value equal to their face value and equity securities shall have a value equal to the weighted average of the reported regular way sales prices of all transactions for the security on the New York Stock Exchange on the date(s) of distribution (or the first date thereafter on which the security trades), or if the security is not listed or admitted to trade on such exchange, on the principal national securities exchange on which the security is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, the weighted average of the reported bid prices for the security on all transactions on the National Association of Securities Dealers Automated Quotations National Market System or, if the security is not listed or admitted to trading on any national securities exchange or quoted on such National Market System, the weighted average of the reported sales prices for such security on all transactions in the over-the-counter market in the United States as furnished by any New York Stock Exchange member firm selected by the Debtors and the United States (or the State if applicable) for that purpose. For purposes of determining the number of shares of securities that have the value of the Distribution Amount on the Settlement/Judgment

Date, the fair market value per share of securities on the Settlement/Judgment Date shall be determined as set forth in the immediately preceding sentence. The terms of Paragraphs 9 and 10 and this Paragraph 11 of this Settlement Agreement shall apply to, be binding on, and inure to the benefit of any successor or assign of the Debtors to the extent that and only to the extent that the alleged liability of the successor or assign for an Additional Site is based solely on its status as and in its capacity of a successor or assign of the Debtors.

TREATMENT OF ALLOWED CLAIMS

12. All Allowed Unsecured Claims under or pursuant to the terms of this Settlement Agreement, including without limitation any such Claims allowed under Paragraph 5 and any such Claims as may eventually be allowed pursuant to Paragraphs 9-11 for Additional Sites, regardless of the holder of such Claims: (A) will receive the same treatment under the Plan of Reorganization, without discrimination, as other Allowed Unsecured Claims with all attendant rights provided by the Bankruptcy Code and other applicable law; and (B) will not be entitled to any priority in distribution (although the provisions of Paragraph 6(D) shall apply in the event of excess insurance proceeds). In no event shall the Unsecured Claims allowed or to be allowed pursuant to this Settlement Agreement

be subordinated to any other Allowed Unsecured Claims pursuant to any provision of the Bankruptcy Code or other applicable law that authorizes or provides for subordination of allowed Claims, including without limitation Sections 105, 510 and 726(a)(4) of the Bankruptcy Code.

13. The parties acknowledge and agree that the Claims allowed in this Settlement Agreement are not nor shall they be construed as forfeitures, fines or penalties (or payments in lieu thereof), and nothing herein is intended, or shall be construed, as an admission by Debtors of any facts or any violation of law. Notwithstanding the foregoing, Debtors do agree to comply with all terms of this Settlement Agreement upon the Effective Date.

14. Notwithstanding any other provision of this Settlement Agreement, and except as provided under applicable law, there shall be no restrictions on the ability and right of the United States on behalf of EPA, the States, the City, the County, Paikes, or the PRP Groups to transfer or sell all or a portion of any securities distributed to them pursuant to the Plan of Reorganization; to sell their right to all or a portion of any distributions under the Plan to one or more third parties; or to transfer or sell to one or more third parties all or a portion

of any Allowed Unsecured Claims pursuant to this Settlement Agreement.

15. The United States, the States, the City, the County, Paikes, and the PRP Groups shall be deemed to have filed a proof of claim for matters addressed in this Settlement Agreement, which proof of claim shall be deemed satisfied in full in accordance with the terms of this Settlement Agreement. Any and all Claims for matters addressed in this Settlement Agreement with respect to Liquidated Sites, whether filed or not, and including but not limited to those identified claims set forth in the Proofs of Claims identified in Attachment D, shall be deemed satisfied in their entirety by the treatment and reservation provided for in this Settlement Agreement and shall be discharged pursuant to the provisions of Section 9.1 of the Plan of Reorganization and in accordance with 11 U.S.C. §1141(d)(1) upon completion of the Plan of Reorganization.

DISTRIBUTION INSTRUCTIONS

16. (A) Cash distributions for the Liquidated Sites to the United States on behalf of EPA shall be made by FedWire Electronic Funds Transfer ("EFT" or wire transfer) to the U.S. Department of Justice account in accordance with current electronic funds transfer procedures; except for those cash distributions on account of the allowed claims described in

Paragraph 5(A)(i) for the Casmalia Resources Superfund Site, which shall be made by wire transfer to the Corporate Trust Clearing Account, Bnf Account No. 0001038377, care of Marco X. Morales, Wells Fargo Bank in Minneapolis, Minnesota, and at the time of payment, written notice shall be submitted to the Casmalia Case Team, USEPA, Region IX. Payment shall be made in accordance with instructions provided to the Debtors by the Financial Litigation Unit of the United States Attorney's Office for the District of Delaware and shall reference the Bankruptcy Case Number 01-10578 and DOJ File Number 90-11-2-770/2. The Debtors shall transmit written confirmation of such payments to the Department of Justice and EPA at the addresses specified in Paragraph 27. In the event that the United States sells or transfers its Claims, payment will be made to a transferee only at such time as the Debtors receive written instructions from the United States directing that payments be made to a transferee and instructions as to where such payments should be directed, and, prior to the closing of the Chapter 11 Cases, after an evidence of claim transfer shall have been filed with the Court.

(B) Other distributions with respect to the allowed Claims of the United States for the Liquidated Sites pursuant to this Settlement Agreement shall be made as follows. Non-cash

Distributions to the United States on behalf of EPA shall be made to:

U.S. EPA -- Superfund
P.O. Box 371003M
Pittsburgh, PA 15251

Copies of all distributions and related correspondence to the United States shall be sent to:

Thomas L. Sansonetti
Assistant Attorney General
Environment & Natural Resources Division
U.S. Department of Justice
10th & Pennsylvania Ave., N.W.
Washington, DC 20530
Ref. DOJ File No. 90-11-2-770/2

Helena Healy
Attorney-Advisor
Office of Enforcement and Compliance
Assurance
U.S. Environmental Protection Agency
401 M Street, S.W. - Mail Code 2272A
Washington, DC 20460

The United States must notify the Debtors in writing of any modifications to the foregoing addresses. In the event that the United States sells or transfers its Claims, distributions will be made to a transferee only at such time as the Debtors receive written instructions from the United States directing that payments be made to a transferee and instructions as to where such payments should be made, and, prior to the closing of the

Chapter 11 Cases, after an evidence of claim transfer shall have been filed with the Court.

(C) The total amounts to be paid by the Debtors to the United States pursuant to Paragraph 16(A) above shall be deposited into site-specific Special Accounts for each of the respective sites within the EPA Hazardous Substance Superfund to be retained and used to conduct or finance response actions at or in connection with the sites, or to be transferred by EPA to the Hazardous Substance Superfund, or be deposited into the EPA Hazardous Substance Superfund in the first instance.

17. (A) Distributions to the State of Georgia shall be sent to:

Carol A. Couch, PhD, Director
Georgia Environmental Protection Division
Two Martin Luther King Dr.
Suite 1152, East Tower
Atlanta, Georgia 30334

(B) Distribution to the Commonwealth of Pennsylvania shall be sent to:

Joseph Brogna
Program Manager, Environmental Cleanup Program
Department of Environmental Protection
2 Public Square
Wilkes-Barre, PA 18711-0790

(C) Distributions to the State of Indiana shall be
sent to:

Brian Solowski, Esq.
Office of the Attorney General
Indiana Government Center South
Fifth Floor
402 West Washington Street
Indianapolis, IN 46204-2770

(D) Distribution to the City of Battle Creek shall be
sent to:

Charles Kohs
Environmental Services Administrator
City of Battle Creek
150 South Kendall Street
Battle Creek, Michigan 49015

(E) Distribution to Lucas County shall be sent to:

Julia R. Bates, Esq., Prosecutor
Lance Keiffer, Esq., Assistant Prosecutor
Office of the Prosecuting Attorney
Lucas County Courthouse
700 Adams Street, Suite 250
Toledo, Ohio 43624

(F) Distributions to Paikes shall be sent to:

Bonnie Allyn Barnett, Esq.
Drinker Biddle & Reath
One Logan Square
18th & Cherry Streets
Philadelphia, PA 19103

(G) Distributions to the PRP Groups, Third Party Plaintiffs' Groups, or any other parties shall be made in accordance with instructions provided by those parties.

COVENANT NOT TO SUE AND RESERVATION OF RIGHTS

18. In consideration of all of the foregoing, including, without limitation, the payments and/or distributions that will be made and the Claims allowed pursuant to the terms of this Settlement Agreement, and except as specifically provided in Paragraphs 21 through 23 (below), the United States, the States, the City, the County, Paikes, and the PRP Groups covenant not to sue or file a civil judicial action or to take any administrative or other action against the Debtors pursuant to Sections 106 or 107 of CERCLA, 42 U.S.C. §§ 9606 or 9607, Section 7003 of RCRA, 42 U.S.C. § 6973, any equivalent or similar state statute or state common law or with respect to Paikes, also the May 31, 1988 Agreement between Paikes and Champion Spark Plug Company (predecessor to Federal-Mogul Ignition Company) regarding the Hellertown Site, that would raise an obligation or liability of the Debtors regarding Response Costs or actions, with respect to each of the Liquidated Sites. The United States likewise covenants not to sue or file a civil judicial action or take any administrative action seeking the recovery of Past Response Costs, based upon

the same statutory or common law theories as set forth immediately above, against the Hellertown Manufacturing Company or Champion Spark Plug Company (predecessor to Federal-Mogul Ignition Company) or any successor thereto, solely by virtue of ownership or operation of the Hellertown Site, within the meaning of 42 U.S.C. §§ 9601(20) and 9607(a)(2), between December 29, 1950 and January 2, 1998. These covenants not to sue shall take effect on the Effective Date.

19. This Settlement Agreement in no way impairs the scope and effect of the Debtors' discharge under Section 1141 of the Bankruptcy Code as to any third parties or as to any Claims that are not addressed by this Settlement Agreement.

20. Without in any way limiting the covenant not to sue (and the reservations thereto) set forth in Paragraph 18 and notwithstanding any other provision of this Settlement Agreement, the covenant not to sue provided by the parties in Paragraph 18 shall also apply to the Debtors' successors and assigns including but not limited to any subsequent purchasers from Debtors of assets or stock, officers, directors, employees and trustees, but only to the extent that the alleged liability of the successor or assign, officer, director, employee, or trustee of any Debtor is based solely on its status as and in

its capacity as a successor or assign, officer, director, employee, or trustee of any Debtor.

21. The covenants not to sue contained in Paragraphs 18 and 20 of this Settlement Agreement extend only to the Debtors and the persons described in Paragraphs 18 and 20 above and do not extend to any other person. Nothing in this Agreement is intended as a covenant not to sue or a release from liability for any person or entity other than the Debtors, the United States, the States, the City, the County, Paikes, the PRP Groups, and the persons described in Paragraph 20. The United States, the States, the City, the County, Paikes, the PRP Groups and the Debtors expressly reserve all claims, demands and causes of action either judicial or administrative, past, present or future, in law or equity, which the United States, the States, the City, the County, Paikes, the PRP Groups or the Debtors may have against all other persons, firms, corporations, or entities, for any matter arising at or relating in any manner to the sites or claims addressed herein. The United States and the PRP Groups expressly reserve all claims, demands and causes of action either judicial or administrative, past, present or future, in law or in equity which they may have against one another, relating to the Commercial Oil Services Site, the Third Site, the Stickney-Tyler Site, and the Fultz Landfill, except

those resolved in any consent decrees or agreements relating to those sites. The United States and Paikes expressly reserve all claims, demands and causes of action either judicial or administrative, past, present or future, in law or in equity which they may have against one another, relating to the Hellertown Site, except those resolved in any consent decrees or agreements relating to that site.

22. Notwithstanding the foregoing, the covenants not to sue contained in this Settlement Agreement shall not apply to nor affect any action based on (i) a failure to meet a requirement of this Settlement Agreement; (ii) criminal liability; or (iii) matters reserved in Paragraph 8(A) through (C) above.

23. Nothing in this Settlement Agreement shall be deemed to limit the authority of the United States, the States or the County to take Response action under Section 104 of CERCLA, 42 U.S.C. § 9604, or any other applicable law or regulation, or to alter the applicable legal principles governing judicial review of any action taken by the United States, the States, or the County pursuant to that authority. Nothing in this Settlement Agreement shall be deemed to limit the information gathering authority of the United States or the States under Sections 104 and 122 of CERCLA, 42 U.S.C. §§ 9604 and 9622, or any other

applicable federal or state law or regulation, or to excuse the Debtors from any disclosure or notification requirements imposed by CERCLA, RCRA, or any other applicable federal or state law or regulation.

24. The Debtors hereby covenant not to sue and agree not to assert or pursue any claims or causes of action against the United States, the States, the City, the County, Paikes, or the PRP Groups with respect to the Liquidated Sites including, but not limited to, any direct or indirect claim for reimbursement from the Hazardous Substances Superfund (established pursuant to the Internal Revenue Code, 26 U.S.C. § 9507) through Sections 106(b)(2), 111, 112, 113 of CERCLA, 42 U.S.C. §§ 9606(b)(2), 9611, 9612, 9613, or any other provision of law; any claim against the United States or the State, including any department, agency or instrumentality of the United States or the State, under Sections 107 or 113 of CERCLA, 42 U.S.C. §§ 9607 or 9613 related to the Liquidated Sites, or any claims arising out of Response activities at the Liquidated Sites. Nothing in this Settlement Agreement shall be deemed to constitute preauthorization of a claim within the meaning of Section 111 of CERCLA, 42 U.S.C. § 9611, 40 C.F.R. Part 300.700(d).

CONTRIBUTION PROTECTION

25. With regard to all existing or future third-party Claims against the Debtors with respect to the Liquidated Sites, including claims for contribution, the parties hereto agree that the Debtors are entitled to such protection from actions or Claims as is provided by Section 113(f)(2) of CERCLA, 42 U.S.C. § 9613(f)(2) and State law.

26. The Debtors each agree that with respect to any suit for contribution brought against any of them after the Effective Date for matters related to this Settlement Agreement, they will notify the United States, the States, the City, the County, Paikes, or the PRP Groups within fifteen business days of service of the complaint upon it. In addition, in connection with such suit, the Debtors shall notify the United States within fifteen business days of service or receipt of any Motion for Summary Judgment and within fifteen business days of receipt of any order from a court setting a case for trial (provided, however, that the failure to notify the United States pursuant to this Paragraph shall not in any way affect the protections afforded under Paragraphs 18 through 25).

NOTICES AND SUBMISSIONS

27. Whenever, under the terms of this Settlement Agreement, written notice is required to be given, or a report.

or other document is required to be sent by one party to another, it shall be directed to the individuals at the addresses specified below via U.S. certified mail, return receipt requested, or some other equally verifiable means, unless those individuals or their successors give notice of a change of address to the other parties in writing. All notices and submissions shall be considered effective upon receipt, unless otherwise provided. Except as otherwise provided in this Settlement Agreement, written notice as specified herein shall constitute complete satisfaction of any written notice requirement in the Settlement Agreement with respect to the United States, the State, the City, the County, Paikes, the PRP Groups, and the Debtors, respectively.

As to the United States:

Assistant Attorney General
Environment & Natural Resources Division
U.S. Department of Justice
Washington, D.C. 20530
Ref. DOJ File No. 90-11-2-770/2

Helena Healy, Esq.
Attorney-Advisor
Office of Enforcement and Compliance
Assurance
U.S. Environmental Protection Agency
401 M Street, S.W. - Mail Code 2272A
Washington, DC 20460

As to the State of Georgia:

Carol A. Couch, PhD, Director
Georgia Environmental Protection Division
Two Martin Luther King Dr.
Suite 1152; East Tower
Atlanta, Georgia 30334

Tad Gardocki, Esq.
Georgia Environmental Protection Division
Two Martin Luther King Dr.
Suite 1462, East Tower
Atlanta, Georgia 30334

As to the State of Indiana:

Brian Salwowski, Esq.
Office of the Attorney General
Indiana Government Center South, 5th Floor.
402 West Washington Street
Indianapolis, IN 46204-2770

Janice Lengel, Esq.
Indiana Department of Environmental Management
P.O. Box 6015
100 North Senate Ave., N1307
Indianapolis, IN 46206-6015

As to the Commonwealth of Kentucky:

Manager, Enforcement Branch
Kentucky Division of Waste Management
14 Reilly Road
Frankfort, Kentucky 40601

As to the Commonwealth of Pennsylvania:

Joseph Brogna
Program Manager, Environmental Cleanup Program
Department of Environmental Protection
2 Public Square
Wilkes-Barre, PA 18711-0790

As to the City of Battle Creek, Michigan:

Charles Kohs, P.E.
Environmental Services Administrator
City of Battle Creek
150 South Kendall Street
Battle Creek, Michigan 49015

As to Lucas County, Ohio:

Julia R. Bates, Esq., Prosecutor
Lance M. Keiffer, Esq., Assistant Prosecutor
Office of the Prosecuting Attorney
Lucas County Courthouse
700 Adams Street, Suite 250
Toledo, OH 43624

As to Paikes:

Bonnie Allyn Barnett, Esq.
Drinker Biddle & Reath
One Logan Square
18th & Cherry Streets
Philadelphia, PA 19103

As to the Commercial Services Site Group:

Douglas G. Haynam, Esq.
Schumaker, Loop & Kendrick
1000 Jackson Street
Toledo, OH 43624

As to the Third Site Fund Trustees:

Lisa Lebowitz, Esq.
N.W. Bernstein & Associates LLC
767 Third Avenue- 32nd Floor
New York, New York 10017

As to the Stickney/Tyler Administrative Group:

Jane E. Montgomery, Esq.
Joshua R. More, Esq.
Schiff Hardin LLP
6600 Sears Tower
Chicago, IL 60606

As to the Fultz Landfill PRP Group:

Amy Nilsen, Esq.
Connelly, Baker, Wotring & Jackson, LLP
700 Louisiana, Suite 1850
Houston, Texas
77002-2778

As to the Debtors:

Roger Strelow, Esq.
Director, EHS/Associate General Counsel
Federal-Mogul Corporation
26555 Northwestern Highway
Southfield, Michigan 48034

CONDITIONAL APPROVAL, LODGING AND OPPORTUNITY FOR PUBLIC COMMENT

28. This Settlement Agreement is subject to approval of the Court under Bankruptcy Rule 9019 and the provisions of CERCLA regarding public participation and opportunity to comment regarding CERCLA settlements, 42 U.S.C. § 9622(d)(2). To meet these requirements, the parties agree to the following procedures. The Debtors and the United States shall promptly file a joint motion seeking the Court's conditional approval of

this Settlement Agreement under Bankruptcy Rule 9019. The joint motion will seek approval by the Court of this Settlement Agreement conditioned only on the United States complying with the provisions of Section 122 of CERCLA, 42 U.S.C. § 9622, regarding public notice and comment through the procedure provided for in Paragraph 29.

29. Upon the filing of this Settlement Agreement with this Court, the United States will make this Settlement Agreement available for public notice and comment through publication in the Federal Register. After the conclusion of the public comment period, if no public comments are received the United States shall promptly file a "Notice of No Public Comment and Requesting the Court's Final Approval of the Settlement Agreement". If public comments are received, the United States will file with the Court any comments received, as well as the United States' responses to the comments, and at that time, if appropriate, the United States will request the Court's final approval of the Settlement Agreement. The United States and no other party reserves the right to withdraw or withhold its consent if the comments regarding the Settlement Agreement disclose facts or considerations which indicate that the Settlement Agreement is not in the public interest.

30. If for any reason (i) the Settlement Agreement is withdrawn by the United States as provided in Paragraph 29 or (ii) the Settlement Agreement is not approved with finality by the Court, or (iii) the Chapter 11 Cases are dismissed or converted to cases under Chapter 7 of the Bankruptcy Code before the effective date of a Plan of Reorganization: (a) this Settlement Agreement shall be null and void and the parties shall not be bound hereunder or under any documents executed in connection herewith; (b) the parties shall have no liability to one another arising out of or in connection with this Settlement Agreement or under any documents executed in connection herewith; (c) the parties shall be provided an opportunity to file a proof of claim by a deadline to be established by the Court; (d) this Settlement Agreement and any documents prepared in connection herewith shall have no residual or probative effect or value and it shall be as if they had never been executed; and (e) this Settlement Agreement, any statements made in connection with settlement discussions, and any documents prepared in connection herewith may not be used as evidence in any litigation between the parties.

31. The Debtors shall not take any action in the Chapter 11 Cases that is inconsistent with the terms and provisions of this Settlement Agreement. The United States, on behalf of EPA,

the States, the City, the County, Paikes, and the PRP Groups will not oppose any term or provision of a Plan of Reorganization filed by the Debtors that is addressed by this Settlement Agreement. The parties reserve all other rights and defenses they may have with respect to any Plan of Reorganization filed by the Debtors.

AMENDMENTS/INTEGRATION AND COUNTERPARTS

32. This Settlement Agreement and any other documents to be executed in connection herewith shall constitute the sole and complete agreement of the parties hereto with respect to the matters addressed herein. This Settlement Agreement may not be amended except by a writing signed by all parties to this Settlement Agreement.

33. This Settlement Agreement may be executed in counterparts each of which shall constitute an original and all of which shall constitute one and the same agreement.

RETENTION OF JURISDICTION

34. Except as provided in Paragraphs 7-11 regarding proceedings in other administrative or judicial tribunals, the Court (or, upon withdrawal of the Court's reference, the U.S. District Court of the District of Delaware) shall retain jurisdiction over the subject matter of this Settlement Agreement and the parties hereto for the duration of the

performance of the terms and provisions of this Settlement Agreement for the purpose of enabling any of the parties to apply to the Court at any time for such further order, direction and relief as may be necessary or appropriate for the construction or interpretation of this Settlement Agreement or to effectuate or enforce compliance with its terms.

THE UNDERSIGNED PARTIES ENTER INTO THIS SETTLEMENT AGREEMENT

FOR THE UNITED STATES OF AMERICA:

Date: 10.5.04

By:

Tom Sansonetti

Thomas L. Sansonetti, Esq.
Assistant Attorney General
Environment and Natural Resources
Division
U.S. Department of Justice
Washington, D.C. 20530

Date: 9/30/04

By:

David E Street

David E. Street, Esq.
Daniel S. Smith, Esq.
Trial Attorneys
Environmental Enforcement Section
U.S. Department of Justice
P.O. Box 7611
Washington, D.C. 20044

For overnight delivery:
1425 New York Ave., NW
Washington, D.C. 20005

Date:

10/15/04

By:

Thomas V. Skinner

Thomas V. Skinner, Esq.
Acting Assistant Administrator
Office of Enforcement and
Compliance Assurance
U.S. Environmental Protection
Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Date:

10-12-04

By:

Helena Healy

Helena Healy, Attorney-Advisor
Office of Enforcement and
Compliance Assurance
U.S. Environmental Protection
Agency
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

FOR THE STATE OF GEORGIA:

Date: Oct 1, 2004

By: 

Carol A. Couch, PhD, Director
Georgia Environmental Protection
Division
Two Martin Luther King Dr.
Suite 1152, East Tower
Atlanta, Georgia 30334

FOR THE STATE OF INDIANA:

Date: 10-6-04

By: Brian Salwowski
Brian Salwowski, Esq.
Office of the Attorney General
Indiana Government Center South
Fifth Floor
402 West Washington Street
Indianapolis, IN 46204-2770

ON BEHALF OF THE INDIANA
DEPARTMENT OF NATURAL RESOURCES
TRUSTEES FOR THE STATE OF
INDIANA:

Date: 10/16/04

By: Elizabeth Admire
Elizabeth Admire, Co-Trustee

Date: 10-8-04

By: John Davis
John Davis, Co-Trustee

ON BEHALF OF THE INDIANA
DEPARTMENT OF ENVIRONMENTAL
MANAGEMENT:

Date: 10-1-04

By: Lori F. Kaplan
Lori Kaplan, Commissioner

FOR THE COMMONWEALTH OF
KENTUCKY:

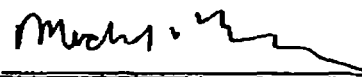
Date: 10/06/04

By:

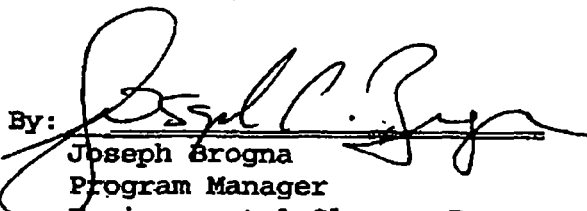
Lajana S. Wilcher
Lajana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet
5th Floor Capital Plaza Tower
Frankfort, KY 40601

FOR THE COMMONWEALTH OF
PENNSYLVANIA:

Date: 9/30/04

By: 
Michael Ferrence, Esq.
Assistant Counsel
Office of Chief Counsel
Department of
Environmental Protection
Two Public Square
Wilkes-Barre, Pennsylvania
18711-0790

Date: 9/30/04

By: 
Joseph Brogna
Program Manager
Environmental Cleanup Program
Department of Environmental
Protection
Two Public Square
Wilkes-Barre, Pennsylvania
18711-0790

FOR THE CITY OF BATTLE CREEK,
MICHIGAN:

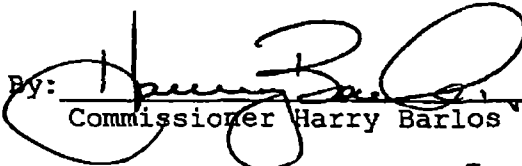
Date: 10/15/04

By: Wayne D. Wiley
Wayne D. Wiley
City Manager
10 N. Dearborn
Battle Creek, Michigan 49014

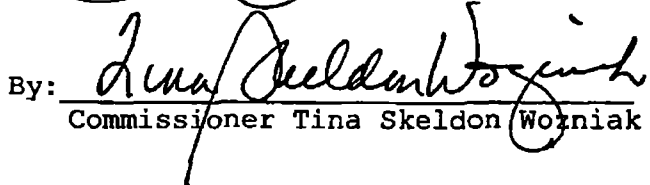


FOR THE BOARD OF COUNTY
COMMISSIONERS, LUCAS COUNTY,
OHIO:

Date: 10-1-04

By: 
Commissioner Harry Barlos

Date: 10-1-04

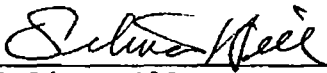
By: 
Commissioner Tina Skeldon Wozniak

Date: 10-1-04

By: 
Commissioner Maggie Thurber

Resolution 03-1336

FOR PAIKES ENTERPRISES, INC.:

Date: October 6th 2004 By: 
Selina Hill
Vice President
Paikes Enterprises, Inc.
675 California Road
Quakertown, Pennsylvania 18951

FOR THE COMMERCIAL OIL SERVICES
SITE GROUP:

Date: October 8, 2009

By:

Douglas G. Haynam, Esq.
Schumaker, Loop & Kendrick
1000 Jackson Street
Toledo, OH 43624

FOR THE THIRD SITE TRUST FUND
TRUSTEES:

Date: 10/11/04

By: 


Lisa Lebowitz, Esq.
N.W. Bernstein & Associates LLC
767 Third Avenue- 32nd Floor
New York, New York 10017

FOR THE STICKNEY/TYLER
ADMINISTRATIVE GROUP:

Date:

Sept 27, 2004

By:


Jane E. Montgomery, Esq.
Joshua R. More, Esq.
Schiff Hardin LLP
6600 Sears Tower
Chicago, Illinois 60606

FOR THE FULTZ LANDFILL
PRP GROUP:

Date: _____

10/18/04

By: _____

Amy Nilsen, Esq.
Connolly, Baker, Wotring &
Jackson, LLP
700 Louisiana, Suite 1850
Houston, Texas 77002-2778

FOR THE DEBTORS:

FEDERAL-MOGUL CORPORATION, ET AL

Date: October 12, 2004

By: 

Roger Strelow, Esq.
Director, EHS/Assoc. General
Counsel

Federal-Mogul Corporation
26555 Northwestern Highway
Southfield, Michigan 48034

Attachment A: Federal-Mogul - Additional Sites

SITE/CASE NAME	ADDRESS	CITY	COUNTY	STATE
17000 St. Clair, Cleveland, Ohio	17000 St. Clair	Cleveland	Cuyahoga	OH
A-1/Otsego Landfill Site		Grayling	Crawford	MI
Atlantic, Iowa	60428 Marne Road	Atlantic	Cass	IA
Baker II Landfill Superfund Site		Cambridge	Guernsey	OH
Bellefontaine, Ohio	1215 Greenwood Street	Bellefontaine	Logan	OH
Berlin, CT	129 Worthington Ridge Road	Berlin	Hartford	CT
Bi-State Disposal Site		Belleville	St. Clair	IL
Bohaty Drum Site		Medina	Medina	OH
Bridgeport, Ohio	2.5 miles west of Bridgeport, Ohio on State Route 40	Near Bridgeport	Belmont	OH
Brighton, MA	145 North Beacon Street	Brighton	Suffolk	MA
Caldwell, Ohio	17226 County Rd 57	Caldwell	Noble	OH
Carnys Point, NJ	431 Pennsville - Auburn Road	Carnys Point	Salem	NJ
Central Michigan Railway Site		St. Johns	Clinton	MI
Chatham Brothers Barrel Yard Superfund Site	2257 Bernardo Ave.	Escondido	San Diego	CA
Chemical Recovery Systems Site	142 Locust Street	Elyria	Lorain	OH

SITE/CASE NAME	ADDRESS	CITY	COUNTY	STATE
Collierville, TN	477 Distribution Parkway	Collierville	Shelby	TN
Diaz Refinery		Diaz	Jackson	AR
Des Plaines, IL	45 East Bradrock Drive	Des Plaines	Cook	IL
Dura Avenue Landfill	Dura Avenue	Toledo	Lucas	OH
EnviroChem Superfund Site	865 South State Road 421	Zionsville	Boone	IN
Flowery Branch, GA	4515 Cantrell Road	Flowery Branch	Hall	GA
Ford Road. Landfill		Elyria	Lorain	OH
Four County Landfill		Rochester	Fulton	IN
Fultz Landfill Site (for the United States only)		Byesville	Guersney	OH
Greensburg, IN	987 N. US Hwy 21	Greensburg	Decatur	IN
Hampton, VA	2513 58 th Street	Hampton		VA
Hellertown Manufacturing Company Superfund Site (only for Future Response Costs)	1770 Main Street	Hellertown	North-ampton	PA
Jackson, MI	717 Woodworth Road	Jackson	Jackson	MI
Lake Calumet Cluster Superfund site		Chicago	Cook	IL
Lambertville, MI	7325 Douglas Road	Lambertville	Monroe	MI
Logansport, IN	516 High Street	Logansport	Cass	IN
M&J Solvents Company Site		Atlanta	Fulton	GA
Malvern TCE Site	258 North Phoenixville Pk.	Malvern	Chester	PA

SITE/CASE NAME	ADDRESS	CITY	COUNTY	STATE
Marshall, IL	205 Vine Street	Marshall	Clark	IL
McConnelsville, OH		McConnelsville	Morgan	OH
McConnelsville (MFP), OH		McConnelsville	Morgan	OH
Mooreville, IN	451 County Line Road	Mooreville	Morgan	IN
Morenci, Michigan	555 West Main Street	Morenci	Lenawee	MI
Muskegon, Michigan	331 West Laketon Ave.	Muskegon	Muskegon	MI
National Oil Services Superfund Site	16 Elm Street	West Haven	New Haven	CT
Olive Branch, MS	7670 Hacks Cross Road	Olive Branch	DeSoto	MS
Omega Chemical Superfund Site	12504 & 12512 E. Whittier Blvd.	Whittier	Los Angeles	CA
Orland, IN	Maple Street & State Road 327	Orland	Steuben	IN
Ottumwa, IA	One Everco Drive	Ottumwa	Wapello	IA
Redwood City, CA	Redwood Plaza Shopping Center	Redwood City	San Mateo	CA
Salisbury, NC	3570 South Main Street	Salisbury	Rowan	NC
San Gabriel Valley Superfund Site		El Monte	Los Angeles	CA
Seaboard Chemical Site		Jamestown	Guilford	NC
Shoemaker Street, Detroit, MI	11031 Shoemaker Street	Detroit	Wayne	MI
Sparta Foundry Site	52 E. Gardner St.	Sparta	Kent	MI

SITE/CASE NAME	ADDRESS	CITY	COUNTY	STATE
St. Louis, MO	2841 North Spring Avenue	St. Louis		MO
Sunrise Landfill Site		Wayland Township	Allegan	MI
Thermo-Chem Inc. Superfund Site	4331 Evanston Ave.	Muskegon	Muskegon	MI
Toledo, Ohio	900 Upton Avenue	Toledo	Lucas	OH
Verona Well Field Superfund		Battle Creek	Calhoun	MI
Western Sand & Gravel Site		Burrillville	Providence	RI
West Virginia Ordnance Works Site		Point Pleasant	Mason	WV
Worcester, MA	54 Rockdale Street	Worcester	Worcester	MA

Attachment B: List of Debtors

Carter Automotive Company, Inc.
Federal-Mogul Corporation
Federal-Mogul Dutch Holdings Inc.
Federal-Mogul FX, Inc.
Federal-Mogul Global Inc.
Federal-Mogul Global Properties, Inc.
Federal-Mogul Ignition Company
Federal-Mogul Machine Tool, Inc.
Federal-Mogul Mystic, Inc.
Federal-Mogul Piston Rings, Inc.
Federal-Mogul Powertrain, Inc.
Federal-Mogul Products, Inc.
Federal-Mogul Puerto Rico, Inc.
Federal-Mogul U.K. Holdings, Inc.
Federal-Mogul Venture Corporation
Federal-Mogul World Wide, Inc.
Felt Products Manufacturing Company
Ferodo America, Inc.
FM International LLC
Gasket Holdings Inc.
J.W.J. Holdings, Inc.
McCord Sealing, Inc.
T&N Industries Inc.

**Attachment C: Pro-Rata Allocation of 50% Share of Excess
Insurance Proceeds**

To the United States, on behalf of EPA:	45.5%
To the Commonwealth of Pennsylvania:	42.5%
To Lucas County, Ohio:	12.0%

Attachment D: List of Claims and the Corresponding Claimant

Claimant	Site/Location	Claim No.
State of Georgia	M&J Solvents Site, GA	6794
State of Indiana	Frankfort, IN	6125
State of Indiana	Mooresville, IN	6126
State of Indiana	Orland, IN	6124
State of Indiana	Michigan City, IN	6129 6128
Commonwealth of Kentucky	Scottsville, KY	5220
Commonwealth of Pennsylvania	Hellertown, PA	6922
City of Battle Creek	Verona Well Field Superfund Site, Battle Creek, MI	10365
Board of County Commissioners, Lucas County, Ohio	King Road Landfill Superfund Site, Lucas County, OH	6876 6877
Paikes Enterprises, Inc.	Hellertown, PA	5923
Commercial Oil Services Site Group	Commercial Oil Services Superfund Site, OH	5978 5979 5980
Third Site Trust Fund Trustees	Third Site Superfund Site, Boone County, IN	6944
Stickney-Tyler Administrative Group	Stickney/Tyler Superfund Site, Toledo, Lucas County, OH	6841
Fultz Landfill PRP Group	Fultz Landfill Site, Byesville, Guernsey County, OH	6292

Attachment E: List of Allowed Claims, Claimants and Corresponding Debtors

Site	Claimant	Allowed Claim (\$)	Status	Debtor
Casmalia Resources Superfund Site	United States	\$ 51,201.00	Unsecured	Federal-Mogul Corporation
Commercial Oil Superfund Service Site	United States	\$zero	Unsecured	Federal-Mogul Ignition Company
Commercial Oil Superfund Service Site	Commercial Oil Services Site Group	\$zero	Unsecured	Federal-Mogul Ignition Company
Douglasville Disposal Superfund Site	United States	\$zero	Unsecured	Federal-Mogul Corporation
Fultz Landfill Site	Fultz Landfill PRP Group	\$262,533.00	Unsecured	T&N Industries, Federal-Mogul Powertrain, Inc.
Hellertown Manufacturing Company Superfund Site	United States	\$100,000.00	Secured	Federal-Mogul Ignition Company
		\$1,400,000.00	Unsecured	
Hellertown Manufacturing Company Superfund Site	Pennsylvania	\$16,151.00	Unsecured	Federal-Mogul Ignition Company
Hellertown Manufacturing Company Superfund Site	Paikes	\$286,000.00	Unsecured	Federal-Mogul Ignition Company
Ionia Landfill Site	United States	\$zero	Unsecured	Federal-Mogul Corporation
King Road Landfill Superfund Site	United States	\$zero	Unsecured	Federal-Mogul Ignition Company

King Road Landfill Superfund Site	Lucas County	\$200,000.00	Unsecured	Federal-Mogul Ignition Company
Malone Service Company- Swan Lake Plant- Superfund Site	United States	\$66,569.21	Secured	Federal-Mogul Corporation
M&J Solvents Company Site	Georgia	\$5,367.05	Unsecured	Federal-Mogul Corporation, Federal-Mogul Powertrain, Inc.
PCB Treatment, Inc. Superfund Site	United States	\$zero	Unsecured	Federal-Mogul Corporation
Reclamation Oil Company Site	United States	\$44,697.05	Secured	Federal-Mogul Corporation
Spectron, Inc. Superfund Site	United States	\$1,814.20	Secured	Federal-Mogul Ignition Company
Stickney/XX Chem/Tyler Sites	United States	\$zero	Unsecured	Federal-Mogul Ignition Company
Stickney/XX Chem/Tyler Sites	Stickney/Tyler Administrative Group	\$315,000.00	Unsecured	Federal-Mogul Ignition Company
Third Site Superfund Site	United States	\$zero	Unsecured	Federal-Mogul Corporation
Third Site Superfund Site	Third Site Trust Fund Trustees	\$68,426.77	Unsecured	Federal-Mogul Corporation

Attachment F: Tax Setoff Stipulation

[Cover Sheet for Attachment F]

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
FEDERAL-MOGUL GLOBAL INC.,)	Case No. 01-10578 (RTL)
T&N LIMITED, <u>et al.</u>)	
)	(Jointly Administered)
)	
Debtors.)	
)	

**STIPULATION BETWEEN DEBTORS AND DEBTORS-IN-POSSESSION AND
UNITED STATES GOVERNMENT APPROVING SETOFF OF CLAIMS OF UNITED
STATES ENVIRONMENTAL PROTECTION AGENCY AGAINST AMOUNTS OWED
TO THE DEBTORS BY UNITED STATES INTERNAL REVENUE SERVICE**

RECITALS:

A. On October 1, 2001, Federal-Mogul Global Inc., T&N Limited, and certain of their United States and United Kingdom affiliates (collectively, the "Debtors"), each commenced a case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. The Debtors and the United States Environmental Protection Agency (the "USEPA"), together with certain State and local environmental authorities and private parties, have entered into that certain settlement agreement (the "Settlement Agreement") pursuant to which, *inter alia*, the Debtors and the USEPA agreed, among other things, that the USEPA has certain claims in the aggregate amount of \$213,080.46 (the "USEPA Claims") against Debtor Federal-Mogul Corporation ("Federal-Mogul") and/or Debtor Federal-Mogul Ignition Company ("F-M Ignition") under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., which are to be treated as secured claims under the

Settlement Agreement for reasons set forth in this Stipulation. In addition, the USEPA holds unsecured claims against certain Debtors which are addressed in the Settlement Agreement.

C. The USEPA Claims are based upon certain past and future response costs for environmental cleanup at the following sites: (i) the Hellertown Manufacturing Company Superfund Site in Hellertown, Northampton County, Pennsylvania (the "Hellertown Environmental Site"); (ii) the Malone Service Company, Swan Lake Plant Superfund Site in Texas City, Galveston County, Texas (the "Malone Environmental Site"); (iii) the Reclamation Oil Company Site in Detroit, Wayne County, Michigan (the "Reclamation Oil Environmental Site"); and (iv) the Spectron, Inc. Superfund Site in Elkton, Cecil County, Maryland (the "Spectron Environmental Site") (collectively herein referred to as the "Environmental Sites").

D. The amounts of the USEPA Claims attributable to each of the Environmental Sites pursuant to the Settlement Agreement are as follows: (i) \$100,000.00 attributable to the Hellertown Environmental Site, (ii) \$66,569.21 attributable to the Malone Environmental Site, (iii) \$44,697.05 attributable to the Reclamation Oil Environmental Site, and (iv) \$1,814,20 attributable to the Spectron Environmental Site.

E. The USEPA Claims regarding the Malone and Reclamation Oil Environmental Sites are further classified by the Settlement Agreement as being allowed against Debtor Federal-Mogul, based upon an agreement between the Debtors and the USEPA that the Debtors' alleged responsibility for past and future response costs for environmental cleanup for those Environmental Sites is a potential liability of Federal-Mogul. In addition, the Debtors and the USEPA have agreed, following appropriate inquiry by the Debtors, that the USEPA Claims regarding the Hellertown and the Spectron Environmental Sites are potential liabilities of F-M Ignition. The USEPA has advised the Debtors that it believes the USEPA Claim respecting the

Hellertown Environmental Site may also be properly asserted against Federal-Mogul, an assertion the Debtors dispute. However, in the interests of settling the USEPA Claim regarding the Hellertown Environmental Site, Federal-Mogul and F-M Ignition, without admitting past or future responsibility for the Hellertown Environmental Site or acknowledging any legal basis for liability on the part of Federal-Mogul, have agreed as part of the Settlement Agreement that USEPA shall have a USEPA Claim in the aggregate amount of \$100,000 respecting the Hellertown Environmental Site, which USEPA Claim shall be allocated between F-M Ignition and Federal-Mogul as follows: \$9,573.80 to F-M Ignition and \$90,426.20 to Federal-Mogul.

F. Separately from the compromises agreed to as part of the Settlement Agreement, Federal-Mogul and the United States Internal Revenue Service (the "IRS") have determined that Federal-Mogul, as parent of the tax consolidated group comprising it and its subsidiaries, is entitled to the refunding of overpayments of federal income taxes relating to tax years 1985-2000 (the "Tax Refunds"), which Tax Refunds are substantially in excess of the amount of the USEPA Claims. Federal-Mogul and the IRS have further determined for settlement purposes regarding the USEPA Claims only that \$11,388.00 of the Tax Refunds are attributable to F-M Ignition.

G. The United States government (the "United States"), acting on behalf of both the USEPA and the IRS, has asserted as part of the negotiations leading to the Settlement Agreement that it has the right to setoff the amount of the USEPA Claims against the amount of the Tax Refunds pursuant to section 553 of the Bankruptcy Code and applicable non-bankruptcy law.

H. The Debtors have reviewed the law applicable to the United States' asserted rights of setoff and have determined that the Debtors have the ability to consent to a

setoff by the United States of the USEPA Claims owed by Federal-Mogul and F-M Ignition to the USEPA against the Tax Refunds owed by the IRS to the Debtors. This determination is based on the Debtors' conclusion that, for purposes of setoff, individual agencies of the United States Government are deemed to be a single entity for purposes of satisfying the mutuality requirements of section 553 of the Bankruptcy Code. Based on such rights of setoff, the Debtors have determined, and the United States has agreed, that the USEPA Claims shall be treated as Allowed Secured Claims under the Third Amended Joint Plan of Reorganization for the Debtors, dated as of June 4, 2004 (as may be amended, the "Plan"), and that such claims shall be offset against the Tax Refunds, up to the amount of the Tax Refund plus any interest thereon, as part of the overall agreements embodied in the Settlement Agreement and related documents. Such setoff may be made prior to confirmation of the Plan.

I. The proposed setoff by the United States of the USEPA Claims against the Tax Refunds is an integral element of the overall settlement of the Debtors' prepetition environmental liabilities set forth in the Settlement Agreement, and has been negotiated between the Debtors and the United States at arm's length and in good faith.

NOW, THEREFORE, in consideration of the foregoing and of the promises and agreements set forth in the Settlement Agreement, it is hereby STIPULATED and AGREED as follows:

1. The USEPA holds allowed secured claims against Federal-Mogul under 11 U.S.C. § 502 in the aggregate amount of \$201,692.46. In addition, the USEPA holds allowed secured claims against F-M Ignition in the aggregate amount of \$11,388.00. Such claims (the "Allowed Secured Claims") are secured by rights of offset asserted by the United States, as described in ¶ H, above.

2. The United States, acting on behalf of the USEPA and the IRS, shall be entitled to reduce the amount of the Tax Refunds plus any interest thereon payable to Federal-Mogul, as the agent for the consolidated tax group, by \$213,080.46, with such amounts to be applied by the United States to satisfy, fully and completely, the Allowed Secured Claims granted to USEPA pursuant to the Settlement Agreement and this Stipulation. For purposes of effecting this setoff, the USEPA Claim relating to the Spectron Environmental Site and that portion of the USEPA Claim relating to the Hellertown Environmental Site that is allocated to F-M Ignition (i.e., \$9,573.80) shall be deemed to be offset against that portion of the Tax Refunds that is attributable to F-M Ignition under this Stipulation, while the remainder of the USEPA Claims shall be deemed to be offset against Tax Refunds attributable to Federal-Mogul under this Stipulation.

3. The \$213,080.46 amount withheld from the Tax Refunds by the IRS specified above shall be paid by the IRS to the USEPA, which shall deposit such amount, as more specifically set forth in the Settlement Agreement, into site-specific accounts for each of the respective Environmental Sites within the USEPA Hazardous Substance Superfund to be retained and used to conduct or finance response actions at or in connection with the Environmental Sites, or to be transferred by USEPA to the Hazardous Substance Superfund, or to be deposited into the USEPA Hazardous Substance Superfund in the first instance.

4. The United States and the USEPA hereby withdraw their request to the IRS, made by letter dated May 13, 2004, for a temporary freeze of the Tax Refunds, and the IRS hereby acknowledges receipt of the withdrawal of that request.

5. Neither the Debtors nor the United States, the IRS, or the USEPA shall alter, modify or amend the terms of this Stipulation in any way (including, without limitation,

through the terms of any confirmed plan of reorganization for the Debtors) without the written agreement of all parties to this Stipulation.

6. Nothing in this Stipulation shall prejudice or limit the ability of the United States to setoff any other amounts that may be owed to it by any of the Debtors against any amounts owed by the United States to any of the Debtors; provided, however, that nothing in this Stipulation shall limit or waive any defenses of any of the Debtors to the assertion of any such rights of setoff by the United States or any agency of the United States, nor waive the requirements of applicable law respecting any such rights of setoff (including, without limitation, 11 U.S.C. § 553).

7. Nothing in this Stipulation shall affect any claims of any agency of the United States Government against any of the Debtors save those claims of the USEPA expressly compromised herein and in the Settlement Agreement.

8. The parties to this Stipulation agree that this Stipulation will be presented for approval by the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") concurrently with the Settlement Agreement, and that this Stipulation shall become effective upon Bankruptcy Court approval of the Settlement Agreement and this Stipulation. The parties to this Stipulation further agree that the order approving the Settlement Agreement and this Stipulation shall provide, *inter alia*, that the United States shall be granted relief from the automatic stay contained in section 362 of the Bankruptcy Code in order to effect (and take all acts to effect) the setoff described in this Stipulation pursuant to section 553 of the Bankruptcy Code, with such relief to be effective as of the date the order approving the Settlement Agreement and this Stipulation is entered by the Bankruptcy Court.

9. Pursuant to 26 U.S.C. Section 6103 and 26 C.F.R. Section 310.6103 (c-1), Federal-Mogul, EIN 38-0533580, as the agent for its consolidated tax group and on behalf of F-M Ignition, EIN 34-4203131, consents to the disclosure by the IRS of its consolidated federal income tax returns (Forms 1120) and related return information for the taxable years 1986-2000 to those employees of the Department of the Treasury, the United States Department of Justice, and the U.S. Environmental Protection Agency to whom and to the extent disclosure is needed to effectuate the setoff described in this Stipulation.

10. The United States Bankruptcy Court for the District of Delaware shall have the authority to construe and enforce this Stipulation.

11. This Stipulation may be executed in counterparts each of which shall constitute an original and all of which shall constitute one and the same agreement.

Dated:

9/30/04

For the United States:



David E. Street

Daniel S. Smith

Environmental Enforcement Section

United States Department of Justice

P.O. Box 7611

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For the Debtors and Debtors-in-Possession:

Dated: October 18, 2004

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